

NOTICE OF PROPOSED CHANGES IN REGULATIONS OF THE  
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CDSS)

ITEM #        Semi-Annual Reporting (SAR) in the CalWORKs Program

The CDSS hereby gives notice of the proposed regulatory action(s) described below. Any person interested may present statements or arguments orally or in writing relevant to the proposed regulations at a public hearing to be held September 4, 2013, as follows:

Office Building # 8  
744 P St. Room 103  
Sacramento, California

The public hearing will convene at 10:00 a.m. and will remain open only as long as attendees are presenting testimony. The purpose of the hearing is to receive public testimony, not to engage in debate or discussion. The Department will adjourn the hearing immediately following the completion of testimony presentations. The above-referenced facility is accessible to persons with disabilities. If you are in need of a language interpreter at the hearing (including sign language), please notify the Department at least two weeks prior to the hearing.

Statements or arguments relating to the proposals may also be submitted in writing, e-mail, or by facsimile to the address/number listed below. All comments must be received by 5:00 p.m. on September 4, 2013.

Following the public hearing CDSS may thereafter adopt the proposals substantially as described below or may modify the proposals if the modifications are sufficiently related to the original text. With the exception of nonsubstantive, technical, or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption to all persons who testify or submit written comments during the public comment period, and all persons who request notification. Please address requests for regulations as modified to the agency representative identified below.

Copies of the express terms of the proposed regulations and the Initial Statement of Reasons are available from the office listed below. This notice, the Initial Statement of Reasons and the text of the proposed regulations are available on the internet at <http://www.dss.cahwnet.gov/ord>. Additionally, all the information which the Department considered as the basis for these proposed regulations (i.e., rulemaking file) is available for public reading/perusal at the address listed below.

Following the public hearing, copies of the Final Statement of Reasons will be available from the office listed below.

CONTACT:    Office of Regulations Development  
                California Department of Social Services  
                744 P Street, MS 8-4-192  
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## CHAPTERS

Manual of Policies and Procedures (MPP), Chapter 22-000, Sections 22-071 (Adequate Notice) and 22-072 (Timely Notice – Aid Pending Hearing); Chapter 22-300, Section 22-305 (General Provisions); Chapter 40-000, Sections 40-036 (Implementation of Quarterly Reporting Prospective Budgeting for CalWORKs Recipients) and 40-038 (Implementation of Semi-Annual Reporting for CalWORKs Recipients); Chapter 40-100, Sections 40-103 (Definitions and Designations – General), 40-105 (Applicant and Recipient Responsibility), 40-107 (County Responsibility), 40-119 (How and Where Application is Made), 40-125 (Reapplications, Restorations, and County of Responsibility), 40-128 (Applicant's Statement of Facts), 40-131 (Interview Requirement), 40-173 (County Department Responsibility for Notifying Applicants and Recipients), 40-181 (Continuing Activities and Determination of Eligibility), 40-188 (Transfer Procedure), and 40-190 (County Responsibility); Chapter 41-400, Section 41-405 (Termination of Deprivation); Chapter 42-200, Sections 42-209 (Differentiation of Property and Income), 42-213 (Property Items to be Excluded in Evaluating Property Which May be Retained), and 42-221 (Transfer of Property or Income); Chapter 42-300, Section 42-302 (48-Month Time Limit Requirements for Adults); Chapter 42-400, Sections 42-406 (County Welfare Department Responsibility) and 42-407 (Evidence of Residence Intention); Chapter 42-700, Sections 42-716 (Welfare-to-Work Activities), 42-721 (Noncompliance with Program Requirements), 42-751 (Underpayments and Overpayments for Transportation and Ancillary Support Services, and 42-769 (Application of Bonuses and Sanctions); Chapter 44-100, Sections 44-101 (Income Definitions), 44-102 (Availability of Income), 44-111 (Payments Excluded or Exempt from Consideration as Income), 44-113 (Net Income), 44-115 (Evaluation of Income In-Kind), and 44-133 (Treatment of Income – CalWORKs); Chapter 44-200, Sections 44-205 (Establishing the AU), 44-207 (Income Eligibility), and 44-211 (Special Needs in CalWORKs); Chapter 44-300, Sections 44-304 (Aid Payment Schedules), 44-305 (Aid Payments – Payee and Delivery), 44-313 (Budgeting Methods for AFDC-FG/U), 44-314 (Maximum Family Grant (MFG)), 44-315 (Amount of Aid), 44-316 (Reporting Changes Affecting Eligibility and Grant Determinations and County Actions), 44-317 (Beginning Date of Aid for New Applications), 44-318 (Beginning Date of Aid (BDA) for Persons Being Added to the AU), 44-325 (Changes in Amount of Payment), 44-327 (Delayed Payment), 44-340 (Underpayments), 44-350 (Overpayments – General), and 44-352 (Overpayment Recoupment); Chapter 44-400, Sections 44-400 (Reduced Income Supplemental Payments), 44-401 (Eligibility for a Reduced Income Supplemental Payment), 44-402 (Computation of a Reduced Income Supplemental Payment), and 44-403 (CWD Responsibilities); Chapter 47-200, Section 47-220 (Eligible Clients); Chapter 47-300, Section 47-320 (Information Collection); Chapter 48-000, Section 48-001; Chapter 80-300, Sections 80-301 (Definitions) and 80-310 (Definitions – Forms); Chapter 82-600, Section 82-612 (Unemployment Insurance Benefits (UIB)); Chapter 82-800, Sections 82-812 (Temporary Absence), 82-820 (Included Persons), 82-824 (Assistance Units that Shall be Combined), and 82-832 (Excluded Persons); Chapter 89-100, Section 89-110 (Maximum Aid Payment (MAP) Level and MAP Restriction; and Chapter 89-200, Section 89-201 (Minor Parent Requirement).

## INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Assembly Bill (AB) 6 (Chapter 501, Statutes of 2011) replaces the current Quarterly Reporting/Prospective Budgeting (QR/PB) system with a Semi-Annual Reporting (SAR) system in the California Work Opportunity and Responsibility to Kids (CalWORKs) and CalFresh Programs. The bill mandates that SAR be implemented as soon as April 1, 2013, and no later than October 1, 2013. CalWORKs is California's version of the federal Temporary Assistance for Needy Families (TANF) Program. This regulation package only amends the CalWORKs regulations.

AB 444 (Chapter 1022, Statutes of 2002) replaced the Monthly Reporting/Retrospective Budgeting (MR/RB) with a QR/PB System in the CalWORKs program effective in 2004. AB 444 also required QR/PB to be adopted in the CalFresh program (previously called Food Stamps) to the extent permitted by federal law, regulations, waivers, and directives, and considering cost-effectiveness and compatibility between the two programs. Since the implementation of QR/PB in CalWORKs and CalFresh, the Food and Nutrition Services (FNS) has been encouraging California to move towards a simplified, six-month reporting system.

AB 6 mandates that CalWORKs and CalFresh implement SAR in a cost-effective manner that promotes compatibility between the two programs. FNS will not allow CDSS to require a second semi-annual report in addition to the annual recertification of eligibility in the CalFresh Program. Consequently, CDSS has determined that rather than requiring two semi-annual reports in addition to the annual redetermination of eligibility, the annual redetermination/recertification will take the place of the second semi-annual report. This change also reduces the reporting burden on recipients and reduces the administrative burden on county workers by not mandating duplicative reporting requirements.

In order to more closely align the treatment of income under federal Supplemental Nutrition Assistance Program (SNAP) prospective budgeting rules (as indicated in AB 6), recipients will no longer have to estimate their income for each month of the SAR Payment Period in order for their eligibility worker to average that income over the period. Instead, a monthly income amount will be determined for the SAR Payment Period based only on current income and reasonably anticipated changes. This policy change aligns CalWORKs with the federal SNAP prospective budgeting rules, will simplify the process of reasonably anticipating income for both recipients and county workers, and will alleviate one of the factors that has been found to be the most confusing and error-prone under QR.

In addition to the SAR provisions of AB 6, this regulation package also implements the CalWORKs restoration of aid provisions in Welfare and Institutions Code Section 11265.4 as added by AB 959 (Chapter 506, Statutes of 2011).

This regulation package also contains numerous clean-up and technical changes, including repealing outdated MR regulations, and correcting outdated terms and references.

The benefits anticipated from this regulatory action include simplifying the reporting responsibilities for both CalWORKs recipients and county eligibility workers.

The Department considered other possible related regulations in this area, and we find that these are the only regulations dealing in this subject area (of CalWORKs reporting systems), and therefore, the Department finds that these proposed regulations are compatible and consistent with the intent of the Legislature in adopting AB 6 and AB 959, as well as with existing state regulations.

#### COST ESTIMATE

1. Costs or Savings to State Agencies: Additional expenditures of approximately \$14,000 in costs for Fiscal Year (FY) 2012-13 and \$272,000 in savings for FY 2013-14 are already reflected in the 2013 May Revision.

2. Costs to Local Agencies or School Districts Which Must Be Reimbursed in Accordance With Government Code Sections 17500 - 17630: None.
3. Nondiscretionary Costs or Savings to Local Agencies: No costs or savings in FY 2012-13. There is \$66,000 in costs for FY 2013-14 that is already reflected in the May Revision.
4. Federal Funding to State Agencies: Additional expenditures of approximately \$2,642,000 in FY 2012-13 and \$151,000 in FY 2013-14 that are already reflected in the 2013 May Revision.

#### LOCAL MANDATE STATEMENT

These regulations impose a mandate upon county welfare departments but not on school districts. Since the county share of the program is capped at a specified maintenance of effort level, there are no state-mandated local costs in these regulations which require state reimbursement under Section 17500 et seq. of the Government Code. If the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars, reimbursement shall be made from the State Mandates Claims Fund.

#### STATEMENT OF SIGNIFICANT ADVERSE ECONOMIC IMPACT ON BUSINESS

CDSS has made an initial determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. This determination was made because this action only pertains to simplifying the reporting requirements for CalWORKs recipients and lessening their reporting burden from four times a year to twice a year.

#### STATEMENT OF POTENTIAL COST IMPACT ON PRIVATE PERSONS OR BUSINESSES

The CDSS is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

#### SMALL BUSINESS IMPACT STATEMENT

CDSS has determined that there is no impact on small businesses as a result of filing these regulations because these regulations are only applicable to state and county agencies.

#### STATEMENT OF RESULTS OF ECONOMIC IMPACT ASSESSMENT

The adoption of the proposed amendments will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses or create or expand businesses in the State of California. This regulatory action will not have an effect on the health and welfare of California residents, worker safety, or the state's environment. The benefits anticipated from this regulatory action include simplifying the reporting responsibilities for both CalWORKs recipients and county eligibility workers.

#### STATEMENT OF EFFECT ON HOUSING COSTS

The proposed regulatory action will have no effect on housing costs.

## STATEMENT OF ALTERNATIVES CONSIDERED

AB 6 mandates that CDSS implement this policy change through the regulatory process. In developing the regulatory action, CDSS did not consider any other alternatives than the one proposed because there were no other alternatives proposed.

CDSS must determine that no reasonable alternative considered or that has otherwise been identified and brought to the attention of CDSS would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective as and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

## AUTHORITY AND REFERENCE CITATIONS

CDSS adopts these regulations under the authority granted in Sections 10553 and 10554 of the Welfare and Institutions Code. Subject regulations implement and make specific Sections 11004.1, 11020, 11265.1, 11265.2, 11265.3, 11265.4, 11450, 11450.12, 11450.13, 11451.5, and 18910, Welfare and Institutions Code [AB 6 (Chapter 501, Statutes of 2011) and AB 959 (Chapter 506, Statutes of 2011)].

## CDSS REPRESENTATIVE REGARDING THE RULEMAKING PROCESS OF THE PROPOSED REGULATION

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## EMERGENCY STATEMENT

These regulations are to be adopted on an emergency basis. In order to allow interested persons an opportunity to submit statements or arguments concerning these regulations, they will be considered at public hearing in accordance with Government Code Section 11346.4.